

C85E00
Maryland Tax Court

Operating Budget Data

(\$ in Thousands)

	FY 04	FY 05	FY 06	FY 05-06	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$542	\$559	\$569	\$10	1.8%
Total Funds	\$542	\$559	\$569	\$10	1.8%
Contingent & Back of Bill Reductions			-4	-4	
Adjusted Total	\$542	\$559	\$565	\$6	1.1%

- The fiscal 2006 allowance increases by \$6,126 (1.1%) over the fiscal 2005 working appropriation. The majority of this increase is related to personnel expenses.

Personnel Data

	FY 04	FY 05	FY 06	FY 05-06
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u>0.00</u>
Total Personnel	9.60	9.60	9.60	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.00	0.00%
Positions Vacant as of 12/31/04	0.00	0.00%

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Efficiency Measures Show Improvement: The major indicators of the Tax Court's efficiency continue to trend in a positive direction.

The Tax Court Is Fair: The Tax Court receives very few unfairness complaints each year.

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

Program Description

The Maryland Tax Court (MTC) provides the final administrative hearing for appeals from taxing authorities in Maryland. Decisions of the Comptroller, Property Tax Assessment Appeals Boards, and local collectors are among those appealed to the court. Decisions of the Tax Court may be appealed to the circuit court. MTC is composed of five part-time judges appointed for six-year terms by the Governor.

The Tax Court's goal is to provide the taxpayer and the taxing authority with efficient and fair hearings regarding any tax issue.

Performance Analysis: Managing for Results

MTC has developed Managing for Results measures to report its effectiveness in providing efficient and fair hearings. MTC provides broader context for some of its performance measures by including national benchmarks from the National Center for State Courts, the Conference of State Court Administrators, and the Conference of Chief Justices.

Efficiency

The Tax Court's efficiency measures continue to show improvement. **Exhibits 1, 2, 3, and 4** highlight some of the efficiency measures since fiscal 2002.

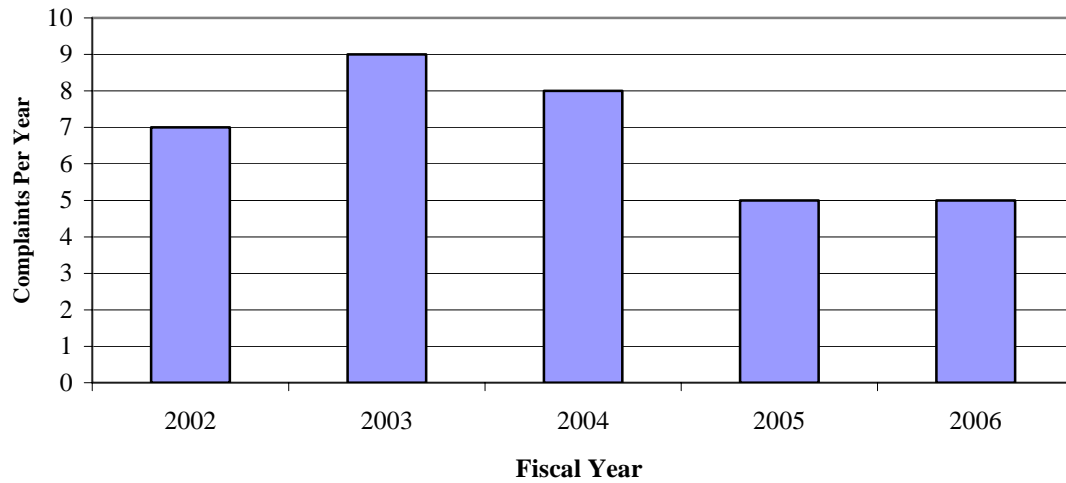
MTC opens approximately 750 cases each year (although the estimate for fiscal 2006 is 800 cases), and it closes about 800 a year, which has been trending up over the past four fiscal years. Cases filed late in the year and complicated cases tend to carry over to the next year. Schedule coordination problems may cause cases to carry over to the next year as well. This explains why the court has a clearance rate in excess of 100% in some years.

Despite the favorable trend, the Office of Legislative Audits reports in its April 2004 report that the Tax Court did not generally hear and determine assessment appeals within 60 days as State law requires. **The Tax Court should be prepared to discuss its plans to address this issue.**

Fair Hearings

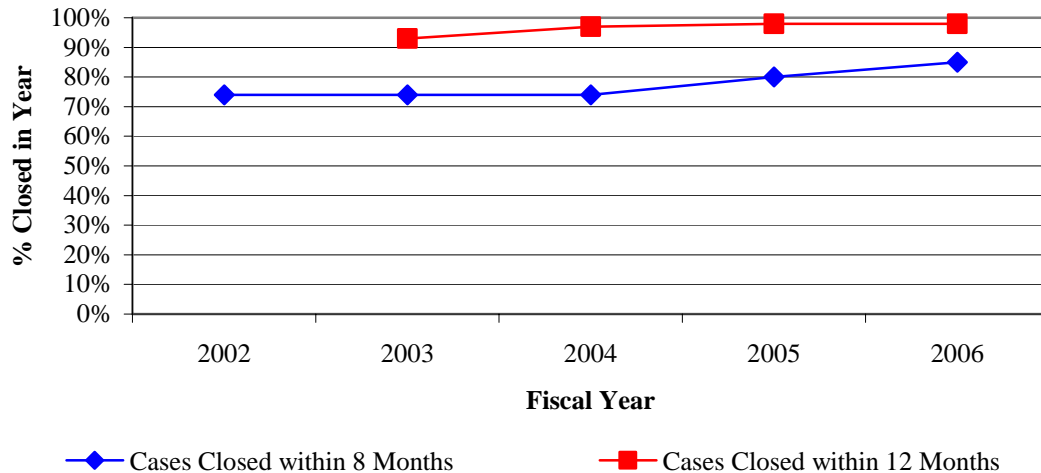
MTC regularly receives "above average" and "excellent" ratings in its citizen surveys indicating that the citizens feel they are being treated fairly. In addition to the ratings, MTC receives less than 10 complaints a year (a total of 17 complaints of unfairness for fiscal 2003 and 2004). Further, less than 2% of its decisions are appealed to the circuit courts, which have upheld approximately 90% of the Tax Court's decisions.

Exhibit 1
Complaints Per Year
Fiscal 2002 – 2006



Source: Maryland Tax Court

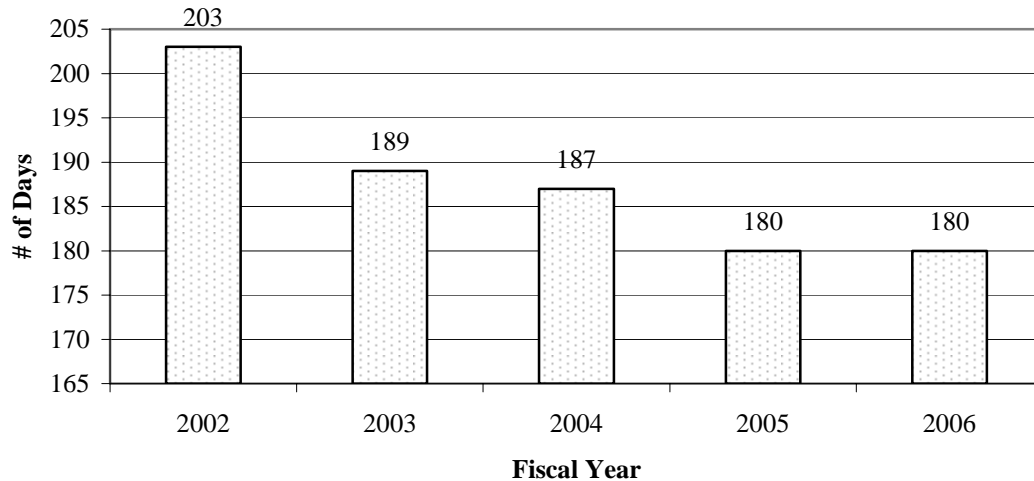
Exhibit 2
Percentage of Cases Closed*
Fiscal 2002 – 2006



*Benchmark is 90% of cases closed within 12 months.

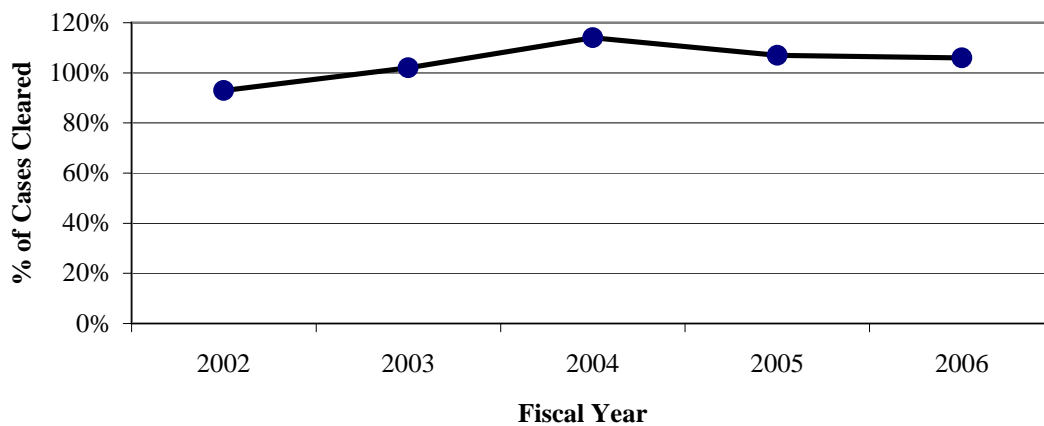
Source: Maryland Tax Court

Exhibit 3
Median Number of Days a Case Is Open
Fiscal 2002 – 2006



Source: Maryland Tax Court

Exhibit 4
Case Clearance Rate*
Fiscal 2002 – 2006



*Benchmark is 90% of cases cleared within 12 months.

Benchmark provided by the National Center of State Courts and the Joint Report of the American Bar Association.

Source: Maryland Tax Court

Governor's Proposed Budget

The fiscal 2006 allowance provides an increase of \$6,126 (1.1%) over the fiscal 2005 working appropriation. As **Exhibit 5** shows, personnel expenses account for approximately \$4,000 of the increase.

Other significant changes include a \$3,000 increase for a digital recording maintenance contract for recording hearings and a \$2,000 decrease in the payments to the part-time court clerk which reflects the actual average for fiscal 2003 and 2004.

Exhibit 5
Governor's Proposed Budget
Maryland Tax Court
(\$ in Thousands)

How Much It Grows:	General Fund	Total
2005 Working Appropriation	\$559	\$559
2006 Governor's Allowance	569	569
Contingent & Back of Bill Reductions	-4	-4
Adjusted Allowance	<u>565</u>	<u>565</u>
Amount Change	\$6	\$6
Percent Change	1.1%	1.1%

Where It Goes:

Personnel Expenses

Increments.....	\$4
Payments to employees' retirement system.....	4
Reduction due to replacing a retired secretary at a lower salary.....	-3
Other personnel expenses.....	-1

Other Changes

Maintenance contract for digital recording equipment.....	3
Payments to part-time court clerk to reflect average for last two actual years.....	-2

Total	\$6
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Note: Numbers may not sum to total due to rounding.

Contingent Actions

The fiscal 2006 allowance reflects the elimination of \$4,162, the appropriation for matching the employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Tax Court (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$542	\$0	\$0	\$0	\$542
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	9	0	0	0	9
Cost Containment	-5	0	0	0	-5
Reversions and Cancellations	-3	0	0	0	-3
Actual Expenditures	\$542	\$0	\$0	\$0	\$542
Fiscal 2005					
Legislative Appropriation	\$551	\$0	\$0	\$0	\$551
Budget Amendments	8	0	0	0	8
Working Appropriation	\$559	\$0	\$0	\$0	\$559

Note: Numbers may not sum to total due to rounding.

Audit Findings

Audit Period for Last Audit:	January 22, 2001 – February 11, 2004
Issue Date:	April 2004
Number of Findings:	1
Number of Repeat Findings:	1
% of Repeat Findings:	100%
Rating: (if applicable)	

Finding 1: **The Maryland Tax Court generally did not hear and determine property tax assessment appeals within the 60 days as required by State law.**

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
Maryland Tax Court**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0	0%
02 Contractual	0.60	0.60	0.60	0	0%
Total Positions	9.60	9.60	9.60	0	0%
Objects					
01 Salaries and Wages	\$ 500,912	\$ 512,793	\$ 521,525	\$ 8,732	1.7%
02 Technical & Spec Fees	14,999	16,836	15,117	-1,719	-10.2%
03 Communication	4,485	8,918	8,489	-429	-4.8%
04 Travel	2,186	1,855	1,855	0	0%
08 Contractual Services	13,996	11,631	15,081	3,450	29.7%
09 Supplies & Materials	4,529	5,529	5,529	0	0%
13 Fixed Charges	870	1,076	1,330	254	23.6%
Total Objects	\$ 541,977	\$ 558,638	\$ 568,926	\$ 10,288	1.8%
Funds					
01 General Fund	\$ 541,977	\$ 558,638	\$ 568,926	\$ 10,288	1.8%
Total Funds	\$ 541,977	\$ 558,638	\$ 568,926	\$ 10,288	1.8%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.